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THE TORONTO STOCK EXCHANGE

18/7/74
25/7/74
1/8/74

Filing Statement No. 1924
Filed August 30, 1974

file
QUEBEC STURGEON RIVER MINES LIMITED

Full corporate name of Company

Incorporated under the laws of Ontario by Letters Patent dated August 22, 1934 as amended by Supplementary Letters Patent dated August 18, 1955 and June 4, 1964 and by Amendment of Articles of Incorporation dated June 16, 1972 and July 9, 1974.

Particulars of incorporation (e.g., Incorporated under Part IV of the Corporations Act, 1955)

(Ontario) by Letters Patent dated May 1st, 1957). Reference is made to previous Filing Statement No. 1867 dated June 11, 1973.

FILING STATEMENT

(To be filed with respect to any material change in a company's affairs, including among other things, an underwriting and option agreement, an issue of shares for property and a proposed re-organization.)

1. Brief statement of the material change in the affairs of the company in respect of which this statement is filed.	See Schedule "A" on page 3.
2. Head office address and any other office address.	Suite 1001, 11 Adelaide Street West, Toronto, Ontario.
3. Names, addresses and chief occupations for the past five years of present or proposed officers and directors.	President and Director:- Harold Pullen Coplan, 88 Albert Street, Ottawa, Ontario; President of the Corporation since April, 1972, previously, privately employed for more than 3 years. Vice-President of Exploration and Director:- Orville Alexander Seeber, P.Eng., R.R. #2, Sydenham, Ontario; Consulting Geologist, self-employed since February 29, 1972 and prior to that Vice-President of Exploration, Northgate Exploration Limited since January 1, 1969. Director:- L. Jules Gregoire, 112 Principale Street, Hull, Quebec, Civil Engineer, Partner, L.J. Gregoire and Company, for more than 5 years. Director:- H.D. Lee Snelling, Prescott Highway, Ottawa, Ontario, President, Prestech Associates Limited, for more than 5 years. Director, Treasurer and Assistant Secretary:- James Hyde Morlock Q.C., 3 May Street, Toronto, Ontario; Solicitor, Morlock & Associates since May 1, 1974, prior to that Morlock, Geisler, Burgess, Macdonald since May 1, 1971. Prior to that date self-employed for 1 year and with Lash, Johnston, Sheard & Pringle for more than 1 year. Secretary:- George Warren Armstrong, 250 Douglas Drive, Toronto, Ontario; Solicitor, self-employed since December 18, 1971, previously for more than 2 years prior thereto the Secretary of Northgate Exploration Limited.
4. Share capitalization showing authorized and issued and outstanding capital.	The authorized capital is 6,000,000 common shares without par value. The issued and outstanding capital is 4,752,113 fully paid common shares without par value.
5. Particulars in respect of any bonds, debentures, notes, mortgages, charges, liens or hypothecations outstanding.	None.
6. Details of any treasury shares or other securities now the subject of any underwriting, sale or option agreement or of any proposed underwriting, sale or option agreement.	See Item 1. In addition, there is an Employees and Officers Stock Option Plan. The Plan as implemented provides for 125,000 previously unissued shares to be reserved which the directors could grant options on to employees or officers of the Company. To date options have been exercised to purchase 76,000 shares. No options are now outstanding under the Plan.

7. Names and addresses of persons having any interest, direct or indirect in underwritten or optioned shares or other securities or assignments, present or proposed, and, if any assignment is contemplated, particulars thereof.	See Schedule "A" on page 3.								
8. Any payments in cash or securities of the company made or to be made to a promoter or finder in connection with a proposed underwriting or property acquisition.	See Schedule "A" on page 3.								
9. Brief statement of company's future development plans, including proposed expenditure of proceeds of sale of treasury shares, if any.	The Company intends to utilize its funds, to the extent available, for the following purposes: Bachelor Lake Project <table> <tr> <td>Completion of Underground Development Programme including contingency</td><td>\$1,235,190.00 *</td></tr> <tr> <td>Taylor - Stock Underground Development Programme including contingency</td><td>1,838,239.00 *</td></tr> <tr> <td>Fiscal Agent Fee - See Schedule A</td><td>129,400.48 **</td></tr> <tr> <td>(Page 3)</td><td><u>\$3,202,829.48</u></td></tr> </table> * For further details see the reports of K.C. Wilson, P.Eng., Mining Engineer, dated July 10, 1974, copies of which are on file with The Toronto Stock Exchange, 234 Bay Street, Toronto, Ontario. ** In addition, the fiscal agent is entitled to a fee of 8% on all amounts received on exercise of options by private placees. See Engineers' Report on pages 10 to 19 inclusive.	Completion of Underground Development Programme including contingency	\$1,235,190.00 *	Taylor - Stock Underground Development Programme including contingency	1,838,239.00 *	Fiscal Agent Fee - See Schedule A	129,400.48 **	(Page 3)	<u>\$3,202,829.48</u>
Completion of Underground Development Programme including contingency	\$1,235,190.00 *								
Taylor - Stock Underground Development Programme including contingency	1,838,239.00 *								
Fiscal Agent Fee - See Schedule A	129,400.48 **								
(Page 3)	<u>\$3,202,829.48</u>								
10. Brief statement of company's chief development work during past year.	<u>Bachelor Lake, Quebec</u> In September 1973 the Company dewatered the shaft and during the following months embarked on a development program consisting of cross-cutting, drifting & raising on the 1st, 2nd, 3rd and 6th levels of the mine. In May 1974, following the success of the early program, similar development work was begun on the 5th and 7th levels. To May 31st, 1974, 4,634 feet of cross-cutting, drifting & raising, and 3,500 feet of diamond drilling were completed. The amount expended on this property during the period ending May 31st, 1974 was approximately \$468,313.00. <u>Taylor - Stock Township Area, Ontario</u> Diamond drilling continues on this large property holding in Ontario. Since January 1973, 68 diamond drill holes totalling 37,481 feet have been completed. In Lot 7, Con I, Stock Twp. a gold deposit, the central portion of which contains 700,000 tons grading 0.14 ounces of gold per ton, has been located. The amount expended by the Company, excluding option and land purchase payments, during the period ending May 31st, 1974 was approximately \$87,026.00. <u>United Kingdom Properties</u> The Company through its wholly owned subsidiary, Anglo Canadian Exploration (ACE) Limited has carried out detailed geological investigations of specific gold and other prospects in the United Kingdom. During the period ended May 31st, 1974 the approximate amount advanced by the Company was approximately \$7,503.00 which amount was used in carrying out prospecting and research work. Reference is made to the report dated July 10, 1974, entitled Underground Development Proposal and Cost Estimate for the Taylor - Stock Property and the report bearing the same date entitled Supplementary Report Underground Development Proposal and Cost Estimate for the Bachelor Lake Property prepared by K.C. Wilson, P.Eng., Mining Engineer. A copy of each report is on file with The Toronto Stock Exchange, 234 Bay Street, Toronto, Ontario.								

SCHEDULE "A"

The material changes in the affairs of the Company in respect of which this statement is filed are as follows:

(a) A private placement is proposed under Section 19(3) of The Securities Act of the Province of Ontario whereby Dominick Corporation of Canada Limited ("Dominick") has by agreement dated as of July 5, 1974, been appointed fiscal agent of the Company to use its best efforts to arrange for the purchase of not less than 200,000 or more than 300,000 fully paid and non-assessable previously unissued common shares of the Company at \$5.50 per share. In addition each purchaser will receive a non-assignable option to purchase a number of shares equal to one-half of the aggregate number of shares purchased. The term of the option shall be for six months from closing, as hereinafter defined, and may only be exercised in respect of all shares under option. The exercise price of the option shall be the greater of \$6.00 per share or 75% of the closing market price on the business day preceding the date of the closing as hereinafter defined. Dominick, as fiscal agent of the Company, shall be entitled to a commission of 8% of the aggregate amount which the Company receives including all sums that may be received on the exercise of the aforesaid options. Dominick will also receive an option to purchase 25,000 previously unissued common shares on the same terms as the options above described except it will be exercisable in part and no commission shall be payable by the Company. The date for closing has been set for August 2nd, 1974.

The agreement relating to the private placement also provides, inter alia:

1. Dominick shall have a right of first refusal (excluding any rights offering and stand-by underwriting in respect thereof) to subsist to December 31, 1974 for all further financing required by the Company in connection with the development of the Bachelor Lake and Stock Township properties. Such right of first refusal will extend for 30 days during such period;
2. In the event the Company makes a filing with the Securities and Exchange Commission in the United States of America, the Company will agree to include the above shares in any such registration statement; and
3. The purchasers will provide the Company with the required form of The Toronto Stock Exchange investment intent questionnaire, completed forms 11 under The Securities Act for execution by the Company and filing with the required authorities, and undertakings to comply with the applicable laws of this and certain other jurisdictions.

The purchasers, the number of shares to be purchased and the number of shares optioned are as follows:

<u>Purchaser</u>	<u>Number of Shares To Be Purchased</u>	<u>Number of Shares To Be Optioned</u>
American Express International Banking Corporation, P.O. Box #483-4,000, Basle 2, Switzerland.	100,000	50,000
Banque de Paris et de Pays- Bas, Pour le Grand Duche de Luxembourg, S.A., 10A Blvd. Royal, Luxembourg.	90,910	45,455
Financiere Metropolitaine, 16 Avenue Marie-Therese, Luxembourg.	18,182	9,091
United Overseas Bank, Quai des Berques, 11, 1200 Geneva, Switzerland.	40,000	20,000
Wirtschaftsticker GMBT & Co. KG, Brienner Strasse 56, 800 Munich 2, Germany.	20,000	10,000
International Investors Inc., 420 Lexington Avenue, New York, N.Y. 10017 U.S.A.	25,000	12,500

(b) The Company has purchased, for the sum of \$5,000, the south-east quarter of the south-half of Lot number 8, Concession 2, Taylor Township, containing forty and one-quarter acres more or less.

(c) The Company has acquired an option to purchase the South-half of Lot 8, Concession II, Township of Taylor, District of Cochrane. The term of the option is for 21 months and provides for periodic payments. In the event of its exercise there is provision for royalty payments. The amount of the payments to be made under the option are included in those amounts set forth in Item 19 on page 21.

FINANCIAL STATEMENTS

QUEBEC STURGEON RIVER MINES LIMITED

BALANCE SHEET

MAY 31, 1974

(Unaudited)

ASSETS

Current assets

Cash and short term notes
Accounts receivable

\$ 941,687
19,697 \$ 961,384

Investments in and advances to subsidiary and
affiliated companies, at cost (note 1)

147,527

Investments in other mining companies,
at nominal value (note 2)

3

Mining properties, at cost (note 3)

314,070

Fixed assets, at cost (note 4)

77,312

Deferred exploration expenditure

2,039,522

\$ 3,539,818

LIABILITIES

Current liabilities

Accounts payable

\$ 193,963

SHAREHOLDERS' EQUITY

Share capital

Authorized

5,000,000 shares of no par value

Issued

4,752,113 shares

\$ 3,637,800

Contributed surplus (note 5)

1,037,818

4,675,618

Deficit

1,329,763

3,345,855

\$ 3,539,818

Approved by the Board:

Harold P. Coplan Director

James H. Macdonald Director

QUEBEC STURGEON RIVER MINES LIMITED

STATEMENT OF DEFICIT

FOR THE FIVE MONTHS ENDED MAY 31, 1974

(Unaudited)

Balance, December 31, 1973		\$ 1,328,993
Administration expense	\$ 44,665	
General exploration	<u>3,863</u>	
	48,528	
Interest earned	<u>47,758</u>	<u>770</u>
Balance, May 31, 1974		\$ <u>1,329,763</u>

SCHEDULE OF ADMINISTRATION EXPENSE

FOR THE FIVE MONTHS ENDED MAY 31, 1974

(Unaudited)

Transfer agent and shareholder information	\$ 16,326
Travel	5,768
Insurance	3,569
Consulting fees	3,108
Rent	2,381
Legal and accounting	2,625
Telephone	1,480
Administration service fee	1,000
Government and listing fees	872
Interest and bank charges	1,680
Office and general	<u>5,856</u>
	\$ <u>44,665</u>

STATEMENT OF DEFERRED EXPLORATION EXPENDITURE

FOR THE FIVE MONTHS ENDED MAY 31, 1974

Bachelor Lake Project		
Drifting and raising	\$ 289,476	
Equipment rental	52,396	
Wages	40,278	
Supplies and equipment	29,567	
Sampling and assaying	16,946	
Mine drilling	15,790	
Travel and transportation	7,353	
Plant construction	6,117	
Insurance, compensation, etc.	3,949	
Consulting fees	3,300	
General field	<u>3,141</u>	\$ 468,313
Townships of Stock and Taylor		
Diamond drilling	52,365	
Wages	18,040	
Travel and transportation	4,241	
Surveys	3,945	
Supplies and equipment	3,749	
Consulting fees	2,000	
Assaying	1,061	
General field	<u>1,625</u>	<u>87,026</u>
		555,339
Balance, December 31, 1973		<u>1,484,183</u>
Balance, May 31, 1974		<u>\$ 2,039,522</u>

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE FIVE MONTHS ENDED MAY 31, 1974

(Unaudited)

SOURCE OF FUNDS		
Interest earned		\$ 47,758
APPLICATION OF FUNDS		
Exploration expenditure	\$ 555,339	
Administration expense	44,665	
General exploration	3,863	
Option payments on mining properties	37,500	
Advances to subsidiary and affiliated companies	<u>9,060</u>	<u>650,427</u>
DECREASE IN WORKING CAPITAL		602,669
WORKING CAPITAL, DECEMBER 31, 1973		<u>1,370,090</u>
WORKING CAPITAL, MAY 31, 1974		<u>\$ 767,421</u>

QUEBEC STURGEON RIVER MINES LIMITED

NOTES TO FINANCIAL STATEMENTS

MAY 31, 1974

(Unaudited)

1. Investment in and advances to subsidiary and affiliated companies:

	Investment	Advances	Total
Anglo Canadian Exploration (ACE) Limited	\$ 268	\$ 87,986	\$ 88,254
Jupiter Minerals Inc.	95	48,908	49,003
Coniagas Research Inc.	<u>2</u>	<u>10,268</u>	<u>10,270</u>
	<u>\$ 365</u>	<u>\$ 147,162</u>	<u>\$ 147,527</u>

The Company holds a 100% interest in Anglo Canadian Exploration (ACE) Limited, a company incorporated to undertake exploration and mining development in the United Kingdom. As at December 31, 1973 the Company's working capital was approximately \$56,900 and it did not hold any mining properties.

Jupiter Minerals Inc. is a joint exploration company in which the Company owns 95% of the outstanding shares. By an agreement dated May 2, 1972, the Company acquired a 15% undivided interest in 35 mining leases in the Beardmore Area, Townships of Irwin, Elmhurst, Walters and Pifher, District of Thunder Bay, Province of Ontario, in consideration for 200,000 shares of the Company valued at \$42,300. The Company then conveyed its 15% interest and another company its 85% interest in the claims to Jupiter Minerals Inc.

Under an operating agreement, the Company is responsible for the administration of exploration programs of Jupiter Minerals Inc. and pays 95% of the expenses in carrying out such programs.

The advance of \$48,908 to Jupiter Minerals Inc. shown above consists of \$42,300 being consideration for the 15% interest in the mining property plus \$6,608 in cash. In addition, the Company made net exploration expenditures of \$16,160 on the properties. This amount has been charged to deferred development expenditures.

The financial statements of the Company do not include the accounts of Anglo Canadian Exploration (ACE) Limited since the company is still in the formative stages.

NOTES TO FINANCIAL STATEMENTS

MAY 31, 1974

(Unaudited)

1. Investment in and advances to subsidiary and affiliated companies (Continued)

The financial statements of the Company do not include the accounts of Jupiter Minerals Inc. Jupiter Minerals Inc. has no assets other than mining properties and it has substantial liabilities which are not guaranteed by the Company.

The Company acquired 25% of the outstanding shares of Coniagas Research Inc. for a nominal consideration of \$2. Coniagas Research Inc. is pursuing the marketing of certain technical inventions and has also acquired an atomic absorption laboratory for geochemical analysis of trace elements.

2. Investment in other mining companies

Shares

294,938 shares, Beauce Placer Mining Company Limited, at nominal value	\$ 1
375,000 shares Millstream Mines Limited (escrow), at nominal value	1

Notes receivable

5% unsecured, deferred, subordinated notes of Beauce Placer Mining Company Limited	<u>1</u>
	\$ <u>3</u>

3. Mining properties

19 mining claims (held under five development licences) and one mining concession in the Bachelor Lake Area, Township of Lesuer, District of Abitibi East, Quebec, acquired for 150,000 shares valued at \$100,500 and option payments, cash and other costs, totalling \$77,998	\$ 178,498
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16 mining claims in the Bachelor Lake Area, Township of Lesuer, District of Abitibi East, Quebec, adjacent to the above claims, at staking cost	1,600
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50% interest in 350 mining claims in the Leaf Bay Area, New Quebec Territory, Ungava, Quebec, at cost of staking	7,650
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4. Mining properties

B/f.

187,748

8 mining claims in the Township of Stock, Porcupine Mining Division, Ontario, at staking cost	3,040
4 mining properties in the District of Cochrane, Township of Taylor, Larder Lake Mining Division, Ontario, at cost	58,000

Options on 12 mining properties in the Townships of Taylor and Stock, Porcupine and Larder Lake Mining Divisions, Ontario, at option costs to date	65,282
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In order to fully exercise these options the Company would
be required to make the following additional payments:

1974	\$ 29,175 (subsequently paid)
1975	\$109,375
1976	\$ 31,250

\$ 314,070

5. Fixed assets

Equipment, structures and roads	\$ <u>77,312</u>
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The Company's policy is not to provide depreciation on its fixed assets
until such time as its mining properties are brought into production.

6. Contributed surplus

In 1964, a capital reorganization resulted in a decrease of \$1,417,409
in the net book value of the capital stock and a transfer of this amount
to contributed surplus. At the same time, mining properties and
development expenses totalling \$379,591 were written off, reducing this
surplus to the current balance of \$1,037,818.

GLENDINNING, JARRETT & CO.

CHARTERED ACCOUNTANTS

ACCOUNTANTS' COMMENTS

To the Directors,
Quebec Sturgeon River Mines Limited.

The accompanying balance sheet of Quebec Sturgeon River Mines Limited as at May 31, 1974 and the statements of deficit, deferred exploration expenditure and source and application of funds for the five months then ended have been prepared by us from the books and records of the Company, and from information given to us. Under the terms of our engagement, we did not perform an audit of the accounts and accordingly do not express an opinion on the financial statements.

Glendinning Jarrett & Co

Toronto, Ontario,
July 8, 1974.

Chartered Accountants

Suite 1406, Royal Trust Tower,
Toronto-Dominion Centre,
Toronto, Ontario
Telephone (416) 362-6001
Telex: 06-22402

Post Office Address
Box 11,
Toronto Dominion Centre
Toronto, Ontario M5K 1A7

International firm:
Alexander Grant Tansley Witt

ENGINEER'S REPORT

NOTE: The following report on " Supplementary Report Underground Development Proposal and Cost Estimate for the Bachelor Lake Property " is by K. C. Wilson, P. Eng., dated July 10, 1974.

Quebec Sturgeon River Mines Limited began the acquisition of mining rights in Taylor and Stock Townships, Ontario during July 1972, and since then it has acquired sixty-three mining claims that cover an area of 2,560 acres; this by the staking of "open" ground or by optioning patented property.

The purpose was to investigate the presence of the Porcupine-Destor Fault, an important geological structure that is associated with gold deposits throughout a distance of eighty miles, extending from west of Timmins, Ontario to Destor, Quebec.

An exploration program from surface began during January 1973 when two diamond drills were commissioned. Early encouragement was received in Stock Township, Lot 7, Concession I, and this led to a detailed drilling program in that location. This program comprised 49 drill holes totalling approximately 25,000 feet of drilling, and it encountered gold-bearing mineralization along an east-west trending strike length of 2,200 feet.

The concentration of drilling was in the central 700 feet of strike length and results indicate the presence of a zone containing 700,000 tons with an average gold content of 0.14 oz. per short ton when all higher assays are "cut" to 1 oz. This indicated tonnage is flat-lying and lies between bedrock and 350 feet below surface. Overburden in the area varies from 45 to 120 feet in depth, and its existence results in a high drilling cost ; for this reason the drilling was confined to the favourable area with the least overburden. Instead of continuing with more closely spaced, expensive, drilling it is judged that an underground development program is justified in order to correlate the drill results, and to assess the potential of the mineralized zone.

From a study of existing data in the Company's records and a visit to the property, it is recommended that an underground exploration program be instituted, and that it consist of:

- i) A vertical, three-compartment, shaft from surface to a depth of 500 feet below the collar, complete with all necessary services; compartment size in cross-section = 6' X 6'.
- ii) Lateral work totalling 2,650 feet on two levels at the 225-foot and 350-foot elevations below the collar.
- iii) Ten thousand feet of underground diamond drilling.
- iv) The provision of a surface plant, including access road and hydro power.

This total project is estimated to cost \$1,838,229 as per the attached detailed cost estimate.

The proposed location of the shaft is such that it can be deepened to at least 850 feet later, at minimum expense and disruption.

Custom milling facilities exist within reasonable distance, and thus development rock could be processed regularly instead of stockpiling it at the mine site. Revenue from this material would be available to defray the cost of continuing exploration of the east and west and to depth, and development in preparation for subsequent production. This latter exploration and development program will follow as Phase II.

Respectfully submitted,



K. C. Wilson, B.Sc., P. Eng.

Toronto, Ontario,
July 10, 1974.



QUEBEC STURGEON RIVER MINES LIMITED

TAYLOR STOCK PROJECT

COST ESTIMATE

Company's Direct Expense per month - \$25,000	
Duration of Project , Months	12
Company's Direct Expense, \$25,000 x 12	\$ 300,000
450' of 3 compartment shaft at \$500/ft	225,000
2 Stations	20,000
1 Loading Pocket exc.	5,000
1 Sump	10,000
2 Pumps & Electrics	25,000
1 Loading Station	25,000
Crosscutting 2600 x \$125/ft. 9' x 10'	325,000
Ore Pass 200' x \$100.00	20,000
Equipment - Tools etc	10,000
Fan & Vent Pipe	10,000
	<u>\$ 675,000</u>
Ontario Hydro (6.7 mlles)	74,000
Contractor (1.1 miles)	11,500
Sub Station	10,000
Transformers	10,000
Installation Charges	15,000
	<u>\$ 120,500</u>
Shaft Collar	194,000
Headframe Foundations	20,000
Ore Bin Foundations	24,000
Hoist Base	48,000
Compressor Base	13,000
Headframe	46,000
Ore and Waste Bin	60,000
Headframe Housing	60,000
Buildings erected plus cement pad plus equipment	150,000
Equipment Installation	25,000
Yard Grading	16,000
	<u>\$ 556,000</u>
Water Supply	10,000
Hoist	55,000
Compressors	33,000
Heating	15,000
	<u>\$ 113,000</u>
Road to Mine Site	33,729
Underground Diamond Drilling	40,000

TOTAL COST

\$1,838,229

C E R T I F I C A T E

I, Kenneth C. Wilson of the City of Delta in the Province of British Columbia, do hereby certify:

1. THAT I am a graduate Mining Engineer of Queen's University (1939) and have practised my profession for more than 30 years;
2. THAT I am a member of the Association of Professional Engineers of Ontario;
3. THAT I have no personal interest nor do I expect to receive any interest, directly or indirectly, in the properties involved in this report, or in the securities of any company which may acquire the property;
4. THAT this report is based on an examination of the Company's records, and upon one visit to the property during late 1973.

K.C. Wilson

K.C. Wilson, B.Sc., P. Eng.

Toronto, Ontario,
July 10, 1974.



NOTE: The following report on " Underground Development Proposal and Cost Estimate for the Taylor/Stock Property " is by K. C. Wilson, P. Eng., dated July 10, 1974.

INTRODUCTION

The current underground development program (1) on four levels of the Bachelor Lake property is confirming the related, ore-reserve estimate. The Company wishes to expand the project in order to adequately assess the remaining mineralized zones above the 1,075 level by lateral drives, inter-level raising and by outline diamond drilling, and to investigate its downward extension by diamond drilling from the lowest level.

Diamond drilling from surface indicates that the mineralization extends to the 900 level, and it is logical to assume that it will continue to greater depth and that the property may be placed in production.

PURPOSE

The purpose of this report is to outline and cost a development program for the remaining three levels above the 1075 foot horizon and exploration by diamond drilling at depth below the bottom 1075 foot level.

Mr. O. A. Seeber, Vice-President, has specified the scope of the report and has authorized its submission.

CONCLUSIONS

The success to date of the current, underground development program indicates that similar results will be obtained in the remaining levels, and that the mineralization can be expected to extend to depth. Under these circumstances it is reasonable to conclude that the property may be placed in production. The current program is designed to prove this expectation.

SUMMARY

Water at the mine site is provided by mine seepage; the quantity and quality are inadequate for other than a program of the scope currently in progress.

(1) K. C. Wilson's Report of April 12th, 1973

A three-compartment shaft bottoms at 1,110 feet below the collar, or 35 feet below the lowest level; it has been dewatered to a depth of approximately 1,050 feet with the lower portion serving as a sump. The condition of the bottom of the shaft is not known but is suspected to be at least partially full of "spill" or slime.

There is no crusher station underground; however in the previous development work the excavation of a loading pocket was begun above the 1,075 level. No provision has been made to deepen the shaft without stopping, or at least seriously disrupting, all other hoisting services whilst sinking is in progress.

Power is generated by diesel engines and they, along with the remainder of the surface plant, have demonstrated their capability of accommodating a satisfactory rate of advance in the underground workings. Restrictions have been placed upon the long-term use of the present hoist, and thus a replacement will be required eventually.

Underground work has confirmed that the rock is competent and that no ground support problems exist. The rock drills and breaks well; water inflow is reasonable.

Past performance by the contractor has demonstrated that an advance of at least 1,100 feet per month is realistic if the project is manned to a reasonable level. He has not been able to do so to date, and as a result, performance approximates 60% of target.

The present shop-garage and "dry" are owned by the Contractor. The Company-owned hoist house and headframe are adequate for a four-foot diameter hoist only. The shelters for the diesel-electric set and for the compressors are minimal but adequate. The two 25 H.P. boilers are housed in a permanent, Company-owned building of fire-proof construction.

Board and lodging are available from local sources in Desmaraisville at a rate of \$10.00 per man day.

RECOMMENDATIONS

1. It is recommended that the current program continue to

completion and that the Contractor execute - in conjunction with the present work - such "Company-Time" operations as are required to prepare the shaft and the three Stations for the proposed lateral development and subsequent deep drilling. As these individual projects are completed the development of the new levels can be phased in.

2. The Contractor is established on site and is familiar with conditions there; thus it is recommended that mutually satisfactory financial rates be negotiated with him for the new contract, the conditions of which are to remain generally as they exist now. Performance is of the essence and the new contract must provide for a satisfactory, average rate of advance which in the light of past performance is considered to be 700 feet per month. If satisfactory terms are not attainable, new bids should be submitted.

3. In order to adequately assess the "ore-reserve" data it is recommended that the following work be executed by the Contractor .

<u>Level</u>	<u>Lateral Headings</u>	
625	900	
925	820	
1,075	1,500	
Sub Total		3,220
1075 X-Cuts for diamond drill stations - 600'		
Total Lateral		3820'
Raising		1780'
Total Footage		5600'
Diamond Drilling - 8000 feet		

4. That the mine office site be provided with adequate water and sewage systems.

5. The present diesel engines are adequate for current needs; however, power cost is perhaps three times that of hydro, and under present conditions reliability is questionable. The increase in power demand, the need for reliability, and for lower overall operating cost results in a recommendation for the provision of hydro power.

Implementation of the above will cost an estimated \$1,235,190 and a summary of the costs applicable to the above recommendations is recorded in Appendix I.

Respectfully submitted,

K. C. Wilson

K. C. Wilson, B.Sc., P. Eng.

Toronto, Ontario
July 10th, 1974



APPENDIX 1

SUPPORTING DATA FOR COST SUMMARY

Underground Development

Company's Direct Expense per month

Equipment Rentals	\$10,500
Wages, Staff and Labour	7,100
Fuel, Road Clearing Etc	4,000
General Administration	2,200
Board Loss (Staff)	1,200
Sub-Total	\$25,000

Duration of Project, Months	9	
Cost Of Project		\$ 225,000
Diamond Drilling 8000' x \$5.50/ft.		44,000
Sampling (Assaying, 4000 at \$4.50)		18,000
Water Supply (Office Site)		4,500

Contractors' Charges

Company Time

6th Level pump and sump	\$25,000	
7th " lip pocket	5,000	
Main Loading Pocket Below 6th Level	5,000	
Cleaning shaft bottom and the 7th Level Station	25,000	\$ 60,000

Contract Charges

Footage 5,600 ft. at \$115/ft	644,000
Company Time Assessments	64,400
Mine Supplies for 9 months	63,000
Total Above	\$1,122,900
Contingency - 10%	112,290
Total Cost	\$1,235,190

K. C. WILSON, P. Eng.

MINING ENGINEER

329-55th STREET

DELTA, BRITISH COLUMBIA

604-943-2819

C E R T I F I C A T E

I, Kenneth C. Wilson of the City of Delta in the Province of British Columbia, do hereby certify:

1. THAT I am a graduate Mining Engineer of Queen's University (1939) and have practised my profession for more than 30 years;
2. THAT I am a member of the Association of Professional Engineers of Ontario:
3. THAT I have no personal interest nor do I expect to receive any interest, directly or indirectly, in the properties involved in this report, or in the securities of any company which may acquire the property;
4. THAT this report is based on several visits to the Bachelor Lake Property, the latest during June 1974, and upon a study of applicable Company records.

Toronto, Ontario
July 10th, 1974

K. C. Wilson

K. C. Wilson, B.Sc., P. Eng.



11. Names and addresses of vendors of any property or other assets intended to be purchased by the company showing the consideration to be paid.	The Company does not intend to purchase any property or other assets, except such assets as may be required to carry out the programmes stated in Item 9 on page 2.		
12. Names and addresses of persons who have received or will receive a greater than 5% interest in the shares or other consideration to be received by the vendor. If the vendor is a limited company, the names and addresses of persons having a greater than 5% interest in the vendor company.	Not Applicable.		
13. Number of shares held in escrow or in pool and a brief statement of the terms of escrow or the pooling agreement.	None.		
14. Names and addresses of owners of more than a 5% interest in escrowed shares and their shareholdings (If shares are registered in the names of nominees or in street names, give names of beneficial owners, if possible.)	Not Applicable.		
15. Names, addresses and shareholdings of five largest registered shareholders and if shareholdings are pooled or escrowed, so stating. If shares are registered in names of nominees or in street names, give names of beneficial owners, if possible, and if names are not those of beneficial owners, so state.	<u>Name</u>	<u>Address</u>	<u>Shareholdings</u>
	The Coniagas Mines, Limited	Suite 401, 25 Adelaide Street West, Toronto, Ontario	1,200,000
	Trunoms' Limited	P.O. Box 100, Nassau, Bahamas	638,300
	Cassels Blaikie & Co. Limited	110 Yonge Street, Toronto, Ontario	243,211
	T.A. Richardson & Co. Limited	4 King Street West, Toronto, Ontario	229,776
	Loeb Rhoades & Co.	42 Wall Street, New York, N.Y.	200,008
	1. The shares are beneficially owned.		
	2. The Company's records indicate the beneficial owner is Mildura Investments Limited, c/o Wobaco Trust Limited, Box 100, Shirley Street, Nassau, N.P., Bahamas. The Company has been advised the only person holding more than 5% of the issued capital of Mildura Investments Limited was International Relief & Development Foundation, c/o Wobaco Trust Limited, Box 100, Shirley Street, Nassau, N.P., Bahamas.		
	3. The Company is not aware of the beneficial owners, except H.P. Coplan, the President of the Company, beneficially owns 500 of such shares and Anglo Estates Limited, Suite 205, 7 Simcoe Street, Toronto, Ontario, a Corporation of which G.W. Armstrong is the principal shareholder, beneficially owns 4,550 of such shares.		
	4. The Company is not aware of the beneficial owners, except H.P. Coplan, the President of the Company, beneficially owns 8,800 of such shares and L.D. Snelling, a director of the Company, beneficially owns 6,000 of such shares.		
	5. The Company is not aware of the beneficial owners of such shares.		
16. Names, and addresses of persons whose shareholdings are large enough to materially affect control of the company.	The Coniagas Mines, Limited, Suite 1001, 11 Adelaide Street West, Toronto, Ontario, and its wholly owned subsidiary, The Coniagas Reduction Company Limited, of the same address, own 1,200,000 shares of the Company. Mr. George Warren Armstrong and a private corporation which he controls on May 31, 1974, owned 1,013,425 out of 2,984,034 issued shares of The Coniagas Mines, Limited and may therefore control the aforementioned company.		

17. If assets include investments in the shares or other securities of other companies, give an itemized statement thereof showing cost or book value and present market value.	UNITS	SECURITY	BOOK VALUE	MARKET VALUE	
				UNIT	TOTAL
	Shares				
	294,938	Beauce Placer Mining Co. Ltd.	\$ 38,481	Nominal	Nominal
	375,000	Millstream Mines Limited	\$981,417	Nil	Nil
	2	Coniagas Research Inc.	\$ 2	Nil	Nil
	100	Anglo Canadian Exploration (ACE) Limited	\$ 268	Nil	Nil
	95	Jupiter Minerals Inc.	\$ 95	Nil	Nil
	Notes Receivable				
		5% Unsecured, deferred subordinated notes Beauce Placer Mining Co. Ltd.	\$175,000	Nil	
		The Bank of Nova Scotia, US Swap Deposit, due August 26, 1974	\$206,058.11	Not Ascertainable	
		Canadian Imperial Bank of Commerce International, EURO dollar deposit, due July 19, 1974	\$278,549.72	"	
		National Bank of Commerce of Seattle, London, England, Canadian deposit, due August 4, 1974	\$103,039.42	"	
18. Brief statement of any lawsuits pending or in process against company or its properties.	None.				
19. The dates of and parties to and the general nature of every material contract entered into by the company which is still in effect and is not disclosed in the foregoing.	The Company has a diamond drill contract with Dominick Drilling Limited, dated July 1, 1974, to carry out diamond drilling on the Company's Taylor-Stock Township properties. The Company has outstanding options to purchase 12 properties in the Townships of Stock and Taylor in the Porcupine and Larder Lake Mining Divisions, respectively. To date payments aggregating \$123,282.00 have been made, including the total purchase price of 3 properties under option with further instalments of \$109,375.00 in 1975 (which includes final instalments in respect of 7 properties) and \$31,250.00 in 1976 (final instalments on the 5 remaining properties). The Company has an oral contract with Masse & Gauthier Drilling Inc., to carry out underground development of the Bachelor Lake, Quebec, property.				
20. Statement of any other material facts and if none, so state. Also state whether any shares of the company are in the course of primary distribution to the public.	The Company has incorporated a United Kingdom subsidiary, Anglo Canadian Exploration (ACE) Limited, with a capitalization of £100 consisting of 100 ordinary shares of £ each. No shares of the Company are in the course of distribution to the public. There are no other material facts.				

DATED July 12, 1974.

CERTIFICATE OF THE COMPANY

The foregoing, together with the financial information and other reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above and in respect of the company's affairs and there is no further material information applicable. (To be signed by two principal signing officers who are directors and the corporate seal to be affixed.)

" Harold Pullen Coplan "

Per:

QUEBEC STURGEON RIVER MINES LIMITED
CORPORATE SEAL

" Orville Alexander Seeber "

Per:

CERTIFICATE OF UNDERWRITER OR OPTIONEE

To the best of my knowledge, information and belief, the foregoing, together with the financial information and the reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above in respect of the company's affairs. Concerning matters which are not within my knowledge, I have relied upon the accuracy and adequacy of the information supplied to me by the company. (To be signed by underwriter or optionee registered with the Ontario Securities Commission or a corresponding body.)